

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**Office of the Inspector General**

Inspector General



November 17, 2004

The Honorable Anthony A. Williams  
Mayor  
District of Columbia  
1350 Pennsylvania Avenue, N.W.  
Mayor's Correspondence Unit, 2<sup>nd</sup> Floor, Suite 221  
Washington, D.C. 20004

**RE: SIGNIFICANT ACTIVITY REPORT**

Dear Mayor Williams:

This report is to inform you of an investigation conducted by Special Agent Larry Carr of this Office and the Federal Bureau of Investigation concerning Michael Lorusso, the former Deputy Director of the District government's Office of Property Management (OPM). On November 9, 2004, Lorusso pled guilty before U.S. District Judge Ricardo Urbina to two counts of bribery conspiracy in connection with his participation in two bribery schemes. The first scheme involved a company called International Builders, Inc. (IBI), and its owner and President Fernando J. Villegas. The second scheme involved a company identified only as "company X" in the charging documents.

The first count involved a scheme during 2001 and 2002, in which Lorusso violated city contracting rules as a D.C. government official by awarding, without competitive bidding, more than \$8 million in construction contracts to a company called International Builders, Inc. (IBI), resulting in profits to IBI in excess of \$2 million. In return, Lorusso received numerous illegal benefits from IBI, including cash, gifts, the use of luxury vehicles, and vacation trips.

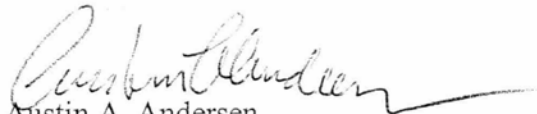
The second count of conspiracy related to Lorusso's participation in a bribery scheme with a Washington, D.C. area real estate company during 2001 and 2002. Lorusso used his official position to benefit the real estate company by arranging for the District to lease various properties from the company, and in return, Lorusso received airfare and hotel rooms, as well as gifts and services paid for by the real estate company.

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In the same proceeding, Fernando J. Villegas pled guilty to bribery conspiracy charges. Villegas is the owner and President of IBI who provided numerous items of value to Lorusso in exchange for government contracts. Both Lorusso and Villegas have agreed to cooperate in the continuing investigation. A sentencing date has been set for March 2005.

If you need any additional information, please call me or Robert G. Andary, Assistant Inspector General for Investigations, on (202) 727-2540.

Sincerely,

A handwritten signature in cursive script, appearing to read "Austin A. Andersen", followed by a horizontal line.

Austin A. Andersen  
Interim Inspector General

AAA/lc